

CORPORATE PROFILE



Contact Information

Crystal B. Leiderman
Director, Investor Relations
The Allied Defense Group
8000 Towers Crescent Drive, Suite 260
Vienna, VA 22182
(800) 847-5322
www.allieddefensegroup.com
cleiderman@allieddefensegroup.com

Jim Drewitz
Investor Relations
(972) 355-6070
jdrewitz@comcast.net

THE ALLIED DEFENSE GROUP, INC. (AMEX: ADG)

The Allied Defense Group, Inc. is a diversified international defense and security firm which develops and produces conventional ammunition marketed to defense departments worldwide; designs, produces and markets sophisticated electronic and microwave security systems principally for European and North American markets; manufactures battlefield effects simulators and other training devices for the military; and designs and produces state-of-the-art weather and navigation software, data, and systems for commercial and military customers.

Growth Strategy

In order to build a strong worldwide strategic portfolio of defense and security businesses and to improve profitability, the Allied Defense Group has adopted a growth strategy that focuses on the following objectives:

- Organic growth by expanding product offerings, increasing market share in existing markets, and penetrating new markets
- Enhance marketing and business development efforts between each subsidiary and at the corporate headquarters
- Strategic acquisitions that complement existing operating divisions

Financial Highlights

(as of 01/05/07)

Recent price:	\$19.80
Market cap:	\$116.9M
52-week high:	\$23.45
52-week low:	\$13.67
Shares outstanding:	6.03M
Float:	5.40M
Insider & 5%+ owners:	62.8%
Fiscal year end:	December 31

Investment Considerations

- Market leader in medium to large caliber ammunition
- Diversified law enforcement, military, and commercial customer base
- Experienced management team consisting of retired Army general officers and business leaders

THE ALLIED DEFENSE GROUP INC
as of 5-Jan-2007

Splits: ▼



Operating Segments

Ammunition & Weapons Effects

Headquartered in Belgium, *MECAR S.A.* manufactures medium and large caliber tank ammunition, hand grenades, bullet trap rifle grenades, and mortar shells. MECAR operates within a niche market by a management team with decades of defense industry experience. MECAR primarily markets its products to NATO-member countries in the Middle East, Europe, Africa, North and South America, and Asia. With the creation of *MECAR USA*, ADG added a U.S.-based ammunition and pyrotechnics device manufacturer to its portfolio.

Titan Dynamics, acquired in June 2002, designs and manufactures battlefield effects simulators and pyrotechnic cartridges used in military training exercises. Titan is currently undergoing safety certification by the U.S. government for use by the military.

Electronic Security

The VSK Group, located in Belgium, provides integrated electronic security solutions for businesses, organizations, and financial institutions throughout Europe. Its product line includes central control panels for intrusion detection, access control, and fire detection systems. In addition, the firm markets closed circuit monitoring and surveillance systems. The VSK Group is made up of four Belgian firms: VSK Electronics, Télé Technique Générale, Intelligent Data Capturing Systems, and VIGITEC; as well as one U.S. firm, *CMS Security Systems* (CMS), which was acquired in August 2004. CMS will continue to market and sell its own access control products, as well as enabling The VSK Group to sell its products in the U.S.

NS Microwave develops and markets sophisticated microwave-surveillance systems to law enforcement, transportation, and commercial and municipal security operations. The company's products are used for gathering, transmitting, receiving and processing multiple signals from remote locations. NS Microwave's technology products include cameras, command/control centers, video concealments, microwave link solutions, and other sensors. These products operate using NS Microwave's proprietary hardware, software, and communications links.

Global Microwave Systems (GMS) was added to the Company's portfolio in November 2005. GMS is a full service engineering and development company. GMS pioneered the development of technologically advanced communications products for the commercial television broadcast and law enforcement surveillance industries. GMS designs and manufactures miniature and sub-miniature transmitters and receivers specifically for investigative, surveillance, and security applications.

Environmental Safety and Security

Acquired in July 2002, *SeaSpace Corporation* supplies weather and environmental satellite ground reception and processing systems. SeaSpace's TeraScan® systems provide environmental data services to such organizations as the U.S. military, NASA, and the national weather services of Japan, Korea, Canada, and Brazil, among others.

Competitive Advantages

The aerospace and defense industry is a highly competitive market with many companies that compete for commercial and government contracts. The Company primarily competes using the following competitive advantages:

- Flexible production facilities – able to accommodate orders quickly
- Diversity and quality of product offerings
- Innovative products that have been battle-tested

Recent Events

- | | |
|----------|--|
| 12/13/06 | The Allied Defense Group Announces Private Placement of Common Stock |
| 12/07/06 | The Allied Defense Group Receives Electronic Security Orders Totaling More Than \$3.1 Million |
| 11/29/06 | The Allied Defense Group to Present at Homeland Security Investor Conference |
| 11/09/06 | The Allied Defense Group Announces Third Quarter and Nine Months Financial Results |
| 11/01/06 | The Allied Defense Group Announces Delivery of Battlefield Effects Simulators to U.S. Marine Corps |
| 10/30/06 | The Allied Defense Group Files Second Quarter 2006 Form 10-Q |
| 10/19/06 | The Allied Defense Group Announces First Quarter 2006 Form 10-Q |
| 10/10/06 | The Allied Defense Group Publishes 2005 Form 10-K |
| 09/29/06 | The Allied Defense Group Postpones Filing of 10-K to Next Week |
| 09/27/06 | The Allied Defense Group Reports Orders Totaling Over \$20 Million |
| 08/21/06 | The Allied Defense Group Announces Restatement of Prior Period Results |